

CEMBRE GROUP

GENERAL TERMS AND CONDITIONS OF PURCHASE

REVISION INDEX				
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0	-	First issue	Purchasing Department	Technical-Industrial Department
1	11/2021	Revision	Legal and Corporate Affairs Department	Technical-Industrial Department
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GENERAL TERMS AND CONDITIONS OF PURCHASE

1) CONTRACTUAL TERMS

- 1.1 The purpose of these General Terms and Conditions of Purchase (hereinafter the "GTCP" or "Conditions") is to define the terms and conditions governing the supply of goods, works and/or services (hereinafter the "Supply"), which shall form an integral part of the Contract between Cembre S.p.A., with registered office in Brescia, Via Serenissima 9, VAT No. IT 00541390175 (hereinafter the "Buyer" or "CEMBRE") and the supplier (hereinafter the "Supplier"). The Buyer and the Supplier shall hereinafter be referred to separately as a "Party" and jointly as the "Parties".
- 1.2 The Supply is subject to the Supplier's acceptance of these GTCP. Acceptance constitutes the Supplier's express waiver of its own general and specific terms and conditions of sale. Any provision contained in the order confirmation that modifies, conflicts with or contradicts these Conditions shall be deemed invalid and unenforceable, unless otherwise agreed in writing by the Parties. No document issued unilaterally by the Supplier shall be binding on the Buyer unless signed by the latter.
- 1.3 Performance of the Contract, particularly where the Supplier proceeds with the design, manufacture, delivery or invoicing of the Supply, shall be interpreted as tacit acceptance of these GTCP.
- 1.4 These GTCP may be expressly derogated from by a Supply Contract entered into between the Parties or by the Order itself. In the event of discrepancies, the order of precedence shall be as follows: the Order shall prevail over the Contract, and the Contract shall prevail over the GTCP.
- 1.5 The order received by the Supplier may not be assigned or entrusted for performance to third parties, in whole or in part, without CEMBRE's prior written consent; in any event, in such case the Supplier shall remain directly liable towards CEMBRE for all activities carried out by the third-party assignee/sub-supplier/subcontractor as if they had been performed by the Supplier itself. If the Supplier requests services from third parties, the Supplier undertakes, pursuant to and for the purposes of Article 1381 of the Italian Civil Code, to regulate its relationships with such third parties in such a way as to comply with the terms and conditions set out in this document.
- 1.6 The economic terms indicated by the Supplier shall be binding and shall not give rise to any remuneration of any kind in favour of the Supplier, unless otherwise agreed in writing between the Parties.

2) DELIVERY TERMS AND PENALTIES

- 2.1 The delivery date indicated in the order, or possibly indicated in the order confirmation and expressly accepted by the Buyer, is final, binding and essential. In all cases of delay attributable to the Supplier and not previously agreed, the Supplier shall be charged a penalty equal to 1% of the value of the relevant shipment for each full and consecutive calendar week of delay, without prejudice to the right to full compensation for damages and penalties suffered by the Buyer as a consequence of the Supplier's conduct. In any case, the maximum amount of the penalty shall not exceed 10% of the total order amount.
- 2.2 Article 2.1 shall apply unless otherwise agreed as specified in the order or in the Contract between the Parties.
- 2.3 In the event of a delivery delay exceeding one (1) month, the Buyer shall have the right to cancel the order, unless otherwise expressly agreed between the Parties with respect to such delay.
- 2.4 In the event of early delivery compared with the agreed terms and not expressly accepted by the Buyer, CEMBRE reserves the right either not to accept the goods or to apply a penalty of not less than 5% of the value of such goods.
- 2.5 By way of derogation from the provisions of the second paragraph of Article 1510 of the Italian Civil Code, the Supplier shall not be released from its delivery obligation by handing the goods over to the carrier or freight forwarder. The Supplier shall immediately notify CEMBRE's purchasing office if it foresees any difficulties that may hinder its ability to deliver or supply the goods or services on time and with the required quality. This shall in any event not release the Supplier from liability arising from delay in performance.
- 2.6 If a Product/Service is not supplied in compliance with the Order or these Conditions, CEMBRE may, at its sole discretion, avail itself of one or more of the following remedies:
 - 1) cancel the Order in whole or in part;
 - 2) reject the Products in whole or in part and return them to the Supplier at the Supplier's risk and expense — or refuse the Services — with the provision that the rejected Products/Services shall be immediately reimbursed by the Supplier;
 - 3) give the Supplier the option, at the Supplier's expense, either to remedy the non-conformity of the Services/Products or to provide replacement Products/Services and any other performance necessary to ensure compliance with the terms of these Conditions and the Order;
 - 4) carry out, directly or through another supplier and at the Supplier's expense, whatever is necessary to make the Products or Services compliant with the Order, these Conditions and any other specification provided by or agreed with CEMBRE;



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5) charge the Supplier for any reasonable expenses incurred by CEMBRE, directly or indirectly, in obtaining replacement Services or Products from another supplier;

6) charge, without prior formal notice, any damages, losses, costs or expenses incurred by CEMBRE, directly or indirectly, as a result of the Supplier's breach of the obligations relating to the Order and these Conditions.

7) make use of the Supplier's support in selecting compliant products and in any remediation of defective or non-compliant materials, which shall take place at CEMBRE's premises.

The expenses and costs arising from the remedies set out above may be offset by CEMBRE against the Supplier's receivables.

2.7 Acceptance of a late delivery of goods or late supply of services shall not constitute, and shall in no way be construed as, a waiver by CEMBRE of its right to claim compensation for damages arising from the delay.

2.8 Upon written notice to the Supplier, CEMBRE reserves the right to reschedule the delivery of the goods at any time and without additional charges, for technical and organisational reasons.

3) DELIVERY AND INVOICING

3.1 The products shall be deemed supplied under the Incoterms indicated in the purchase order. In the case of DAP or DDP terms, the Supplier shall be considered responsible for any risk connected with transport and for any loss of or damage to the material during transport and until delivery to the Buyer's warehouses, even where the costs are borne by the Buyer.

3.2 The Supplier undertakes to comply with the local, national and European regulations applicable to the Supply, holding the Buyer harmless from any penalties arising from the Supplier's failure to comply with such provisions. Any export restrictions (e.g. EU dual-use regulations, U.S. Export Control, embargoes) concerning the supplied products must be communicated by the Supplier when confirming the order and, in any event, before the start of the Supply. The Supplier shall also be responsible for notifying the Buyer of the correct customs tariff code to be used for the imported material.

3.3 The materials must be accompanied by a delivery note (DDT) in accordance with the applicable legal requirements. Each individual delivery must be clearly identified with a label indicating the following minimum information: Supplier's company name, material identification code, reference order number and quantity.

3.4 In the case of material supplied for processing, such material shall remain the property of CEMBRE and the Supplier shall be responsible for storing the material at its own expense; such material must be

used exclusively for the Buyer's orders. The provisions of Article 7 shall also apply. The Supplier must indicate on the delivery notes, together with the details of the Buyer's original document, any return of scrap or any return of excess material received by the Supplier.

3.5 The Buyer reserves the right not to accept and to return to the Supplier, at the Supplier's expense, any material shipped without an order or without authorisation or exceeding the agreed tolerances.

3.6 Unless specific special packaging is requested, the packaging must be adequate, taking into account the nature of the goods and the need to protect them against bad weather, corrosion, loading, transport and storage incidents, vibration, handling, etc. The material must be prepared in accordance with good commercial practice. Any damage resulting from defects in or insufficiency of the packaging shall be borne exclusively by the Supplier, even if the delivery terms for the goods have been agreed ex works.

4) FORCE MAJEURE AND HARDSHIP – IMPORT CONTROL

4.1 The Buyer shall not be liable for any failure to perform its obligations where such failure is due to any condition or event beyond its control, including, by way of example and without limitation, fires, floods, earthquakes or other events of force majeure, strikes, lockouts or other work stoppages, wars, riots, restrictions or limitations imposed by public authorities, epidemics or quarantines, viruses or other third-party attacks on IT systems resulting in unforeseeable operational disruptions that cannot be remedied through the exercise of ordinary diligence, at the sole discretion of the Seller.

4.2 If, during the term of the contract, events occur that were not contemplated by the Parties and that fundamentally alter the balance of the contract, thereby imposing an excessive burden on the Buyer in the performance of its contractual obligations (hardship), the Buyer shall have the right to request any revision of the contract that it deems fair and equitable under the circumstances, or to terminate the contract on a date and under conditions to be determined.

4.3 IMPORT CONTROL

4.3.1 CEMBRE shall be released from the performance of its obligations under the Contract if such performance is prevented or hindered by any national or international measure concerning foreign trade or customs matters, or by embargoes or other sanctions or restrictions.

4.3.2 If the Supplier acquires the Products from third parties, it undertakes to comply with all applicable national and international regulations concerning exports and re-exports.



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- 4.3.3 The Supplier shall cooperate with the Buyer in providing information concerning the origin of the Products supplied to CEMBRE, if this becomes necessary as a result of customs checks or foreign trade regulations.
- 4.3.4 Breach of this Section 4.3 shall entitle the Seller to immediately terminate any ongoing Contracts at any time and without prior notice.

5) ACCEPTANCE AND NOTICE OF DEFECTS

- 5.1 Upon the Buyer's express request, the Supplier shall grant the Buyer free access to its facilities, providing information and assistance to verify the proper performance of the Supply.
- 5.2 The materials shall be inspected by the Supplier before shipment in accordance with the technical specifications attached to and/or referred to in the order.
- 5.3 The Buyer shall be entitled to reject and return, carriage forward, any batches that do not comply with all agreed technical requirements, both during acceptance and during processing and/or assembly. The Supplier shall promptly replace the material with compliant material, shipping it carriage paid to the Buyer. In the event of rejection of a defective product obtained from material supplied by CEMBRE for processing, the material shall be charged to the Supplier, less any recoverable value of the material.
- 5.4 Acceptance of the material shall not release the Supplier from its responsibilities and from the applicable warranty obligations. Acceptance and/or rejection of the materials may take place within 12 months from the delivery date, by way of derogation from Article 1495 of the Italian Civil Code.
- 5.5 For each new product, where applicable, Instructions, Warnings, Limits of Use, Certificate of Origin and/or Declaration of Preferential Origin (according to CEMBRE formats), Certificate of Conformity and, if requested by the Buyer, Test Certificates, Certificates of Analysis or tests of the mechanical, physical and chemical characteristics of the materials used shall be provided. Failure to provide the documentation shall constitute grounds for rejection of the delivery.
- 5.6 Should CEMBRE dispute the Supply for any reason, including lack of the documentation referred to in the preceding paragraph, it may suspend payment until the merits of the dispute have been established judicially or extra-judicially; until then, the Supplier may not take action to recover the relevant credit and no interest of any kind, whether statutory or default interest, shall accrue on the amounts not paid by CEMBRE.
- 5.7 CEMBRE may offset any amounts claimed from the Supplier by way of compensation for damages or penalties against amounts due for the supplies.

- 5.8 Any payment made for the Supply shall in no way prejudice CEMBRE's right to dispute it and recover the payment, as well as to claim from the Supplier compensation for all damages suffered, without exception.

6) QUALITY AND WARRANTY

- 6.1 Unless otherwise agreed in a specific Supply Contract signed by both Parties, the warranty on the supplied product shall be 12 months from the date of receipt, without prejudice to statutory warranties. Repaired and/or replaced supplies shall benefit from the same warranty starting from completion and/or replacement.
- 6.2 The Supplier warrants that its Supply complies with the order specifications, complies with applicable laws and regulations, is suitable for the intended use and is free from defects, including defects arising from incorrect workmanship or from the material used.
- 6.3 In the event of defects, the Supplier shall be required, at the Buyer's choice, to repair or replace the defective and/or non-compliant products free of charge, or to refund the purchase price. Any replacement or repair, even partial, of the defective Supply shall give rise to a new warranty period of equal duration.
- 6.4 If, following inspection or testing, CEMBRE considers the Products not to comply with the Order or with any other specification provided or agreed, CEMBRE shall reserve the right to:
- Send the Supplier formal notice of Non-Conformity. The Supplier shall be required to respond in writing within 3 business days, indicating the corrective actions taken to prevent the shipment of further non-compliant items. If requested, the Supplier undertakes to send the 8D report relating to the reported Non-Conformity.
 - Require the Supplier to immediately undertake all measures, adaptations, modifications or improvements necessary to make the Products compliant.
 - Have such measures implemented by third parties, where necessary; in such case CEMBRE shall deduct the relevant costs from payment of the price agreed with the Supplier.
- 6.5 All costs relating to the fulfilment of the Supplier's warranty obligations, as well as those relating to the corrective and remedial actions taken by the Buyer in connection with the defect, shall be borne by the Supplier. Such costs include, without limitation, logistics costs and costs relating to the dismantling and assembly of the Supply.
- 6.6 In the event of procedures for the recall/replacement of defective or non-compliant material by the Supplier, the Supplier shall be



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required to provide the replacement material free of charge and without any additional cost, reimbursing any costs connected with the recall.

- 6.7 The Supplier's warranty is extended to the Buyer's customers, who may request the Supplier directly to replace materials deemed defective and to recognise the costs and/or damages suffered.
- 6.8 Without prejudice to mandatory provisions of law or unless otherwise agreed in writing between the Parties, the Supplier shall compensate and indemnify the Buyer against all damages and losses suffered in connection with the goods, services and/or works covered by the Supply: (i) for any breaches by the Supplier of the terms of the Contract; and (ii) for any claims brought by third parties, including the Supplier's employees, against the Buyer to the extent that the relevant liability, loss, damage, injury, cost or expense was caused by, relates to or arises from the goods, services and/or works carried out by the Supplier and/or its subcontractors.
- 6.9 The Supplier shall take out, or prove that it has taken out, adequate insurance policies suitable to cover any liability that may arise in relation to the supplied materials.
- 6.10 The Supplier warrants that it shall comply with all applicable laws and regulations, including provisions issued by the European Community, regulations on occupational health and safety, quality, environment, product marking and similar matters.
- 6.11 The Buyer reserves the right to verify, through previously agreed audits, whether the Supplier's quality assurance procedures are aligned with the contractual requirements.

7) EQUIPMENT

- 7.1 Moulds, models, tools, equipment or other items of equipment owned by the Buyer shall be used by the Supplier exclusively for the benefit of the Buyer and solely for the performance of what is provided for in the order. The Supplier shall keep them with due care and diligence and shall provide, at its own expense, for ordinary maintenance and property insurance cover. They shall be returned at the end of the relationship or upon the Buyer's simple request.

8) PAYMENTS AND PRICES

- 8.1 The applicable price shall be the price set out in the Purchase Order or in the Contract and shall be fixed and not subject to revision, even in the event of increases in material prices or production costs. No extra cost shall be charged without the Buyer's prior written acceptance.
- 8.2 By way of derogation from Legislative Decree No. 231/2002, no automatic application of default

interest shall apply between the Parties, which undertake to give prior notice thereof.

- 8.3 The payment terms agreed between the Parties are indicated in the Order or in the Contract.
- 8.4 The Supplier is prohibited from assigning to third parties any receivables claimed against CEMBRE, as well as from granting collection mandates.

9) TERM, WITHDRAWAL AND TERMINATION

- 9.1 Orders concerning standard components may be cancelled by the Buyer by giving written notice seven (7) days before the delivery date, without any charges or costs arising therefrom. Orders concerning parts made to drawing may be cancelled by agreeing with the Supplier, based on the progress of the order, on any payment for semi-finished goods. Similarly, in the case of the provision of services, withdrawal may be exercised by the Buyer in accordance with Article 2237 of the Italian Civil Code.
- 9.2 All orders may be rescheduled in their delivery date, upon notice sent by the Buyer to the Supplier by the seventh day before the delivery date, without any costs or charges arising for the Buyer. CEMBRE guarantees that it shall in any event collect the material within and no later than six (6) months from the original delivery date, unless otherwise indicated in the Order or Contract.
- 9.3 In addition to the rights of withdrawal and termination provided by law, CEMBRE shall be entitled to withdraw from the contract or terminate the contract with immediate effect if the Supplier is in breach towards other customers, if its financial or asset position has deteriorated, if it has become insolvent or is in a situation of excessive indebtedness.
- 9.4 CEMBRE also reserves the right to withdraw from the contract if the Supplier files a petition for bankruptcy, composition with creditors or any other insolvency procedure or debt restructuring involving the Supplier's assets.

10) INTELLECTUAL PROPERTY, CONFIDENTIALITY

- 10.1 The use of CEMBRE Trademarks is governed by the relevant General Terms and Conditions, available on the website www.cembre.com, which the Supplier declares that it knows and accepts.
- 10.2 Drawings, specifications, technical documents, samples, models and specific equipment that CEMBRE makes available to the Supplier are the exclusive property of CEMBRE and may be used solely for the performance of the order. The Supplier may not copy or reproduce them, nor disclose them or allow their use by third parties, without CEMBRE's written authorisation.



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- 10.3 All information received by the Supplier in any form, whether verbally, in writing, through electronic means of communication or otherwise, shall be deemed Confidential Information, irrespective of whether it is marked as such, shall not be disclosed and shall be the exclusive property of the Buyer. All copies of such Confidential Information shall be returned or deleted at the Buyer's request at any time. The Supplier shall disclose the Confidential Information only to its employees or subcontractors who need to know it in order to perform their obligations under the Contract, imposing on them the same confidentiality obligation. The confidentiality obligations shall remain in force for a period of five (5) years from the expiry or termination of the Contract for any reason.
- 10.4 Infringement of third-party IP rights.
- 10.4.1 The Supplier represents and warrants that the Supply, and any material, drawing, work or information provided by or on behalf of the Supplier under the Contract, do not infringe any third-party intellectual property rights; the Supplier shall defend, compensate and hold harmless the Buyer and its Affiliates from and against any claims and liabilities, including any loss, cost, liability, claim, damage and expense of any kind and nature, arising from any claim, legal action or administrative proceeding that may be brought by third parties against the Buyer on the basis of an alleged or actual infringement of patents, designs, trademarks, copyrights or any other intellectual property right existing in relation to the Supply.
- 10.4.2 In the event of a claim or legal action against the Buyer in relation to the aforementioned matter, the Buyer shall inform the Supplier thereof, and the Supplier shall conduct such proceedings or respond to the claim at its own expense. Upon the Supplier's request and at the Supplier's expense, the Buyer shall provide the reasonable assistance required.
- 10.4.3 If an intellectual property right is found by a court to have been infringed, the Supplier shall, at the Buyer's request, modify or replace, at its own expense, the subject matter of the infringement, provided that such modification or replacement does not impair the purpose, value, use or performance of the Supply. Alternatively, the Supplier may obtain, at its own care and expense and also for the benefit of the Buyer, a licence for use from the third-party owner of the intellectual property conflicting with the subject matter of the Supply.

11) LEGISLATIVE DECREE NO. 231/2001, CODE OF ETHICS, ANTI-CORRUPTION POLICY, CODE OF CONDUCT

- 11.1 The Supplier acknowledges that CEMBRE has adopted the Organisational Model pursuant to Legislative Decree No. 231/2001, the Code of Ethics, the Group Anti-Corruption Policy and the Code of Conduct against violence and harassment in the workplace, available on the website www.cembre.com, and undertakes to comply with their provisions, failing which the contract may be terminated with immediate effect, without prejudice to compensation for damages.

12) COMPLIANCE WITH EU DIRECTIVE 2022/2555 (NIS2)

- 12.1 The Supplier undertakes to adopt appropriate technical and organisational measures to protect networks, information systems, applications and data, as well as adequate and proportionate security risk management measures, in line with Article 21 of Directive (EU) 2022/2555 (NIS2).
- 12.2 The Supplier shall have and regularly test Business Continuity and Disaster Recovery plans. The Supplier undertakes to ensure the resilience of critical services also in the event of incidents.
- 12.3 The Supplier shall adopt encryption measures for the data processed and transmitted and shall comply with the regulations on personal data protection.
- 12.4 The Supplier undertakes to notify the Counterparty without undue delay of any relevant cyber incident, including security incidents and personal data breaches, that have an actual or potential impact on the confidentiality, integrity, authenticity or availability of the information systems or data processed under the Contract. The obligation set out in this Article is established in accordance with Directive (EU) 2022/2555 (NIS2) and the relevant national implementing legislation, Regulation (EU) 2016/679 (GDPR), as well as any further applicable legislation on the security of networks, information systems and data protection. The Supplier shall: i) make an initial notification within and no later than 24 hours from becoming aware of the incident, containing the preliminary information available; ii) provide a detailed update within 72 hours, including the nature of the incident, the categories and approximate volume of data involved, the likely consequences and the measures adopted or proposed to remedy the incident and mitigate its effects.
- 12.5 The Supplier shall be liable for any security breaches arising from negligence or failure to adopt adequate measures. The Supplier may not use subcontractors that have not been authorised by the Principal; any subcontractors shall comply with the same security obligations set out in this contract.



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- 12.6 The Principal shall have the right to conduct periodic audits and checks at the Supplier's premises, as well as to obtain from the Supplier documentary evidence concerning certifications, vulnerability assessments and any other tests carried out.

13) USE OF ARTIFICIAL INTELLIGENCE SYSTEMS

- 13.1 The Supplier may use artificial intelligence systems exclusively in compliance with applicable legislation and provided that such systems guarantee the protection of CEMBRE's information, do not use the data provided for training or the provider's own purposes and ensure adequate protections even in the event of processing carried out outside the EEA. The Supplier will monitor the continuation of these requirements and will immediately cease the use of systems that do not comply with them.
- 13.2 The Supplier will inform CEMBRE of the use of artificial intelligence systems for the generation or substantial processing of the Deliverables. It is understood that the Supplier will retain full responsibility for the final content of the Deliverables and will ensure their human review and validation prior to delivery.

14) GENERAL AND FINAL PROVISIONS

- 14.1 These conditions remain in force for an indefinite period and may be modified by the Buyer with an appropriate period of notice.
- 14.2 The Purchaser declares that the Supplier's personal data will be processed in compliance with the current legal provisions on privacy, and in particular the GDPR (EU Regulation 2016/679). The data controller is CEMBRE S.p.A., Via Serenissima 9, 25030 Brescia. The complete privacy policy is available on the www.cembre.com website.
- 14.3 The competent judicial authority to decide exclusively on any dispute against the Purchaser is the Court of Brescia.